

AMENDED IN ASSEMBLY MAY 5, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 1047

Introduced by Assembly Member V. Manuel Perez

February 27, 2009

An act to amend Section 16727 of, and to add Section 63037 to, the Government Code, relating to state funds, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1047, as amended, V. Manuel Perez. California Infrastructure and Economic Development Bank: local assistance program.

The Bergeson-Peace Infrastructure and Economic Development Bank Act generally sets forth the duties and authority of the California Infrastructure and Economic Development Bank in administering various programs for economic development activities in the state.

This bill would require the bank to establish a local assistance program to provide technical support to small and rural communities in the state in obtaining financing for local infrastructure projects, as defined, subject to specified criteria. The bill would ~~establish the Community create the~~ Technical Assistance Fund Account in the State Treasury ~~California Infrastructure Bank Fund, require funds to support program activities related to assisting communities in obtaining the proceeds of bonds to be deposited in the account, and would~~ continuously appropriate the moneys in the ~~fund account~~ to the bank for purposes of the program, ~~according to specified criteria as specified.~~

The State General Obligation Bond Law generally sets forth the authorized uses of proceeds of bonds issued under its provisions, including, among other things, the costs of construction or acquisition

of capital assets, and the costs of a state agency with responsibility for administering the bond program.

This bill would include among the costs of a state agency with responsibility for administering a bond program, the cost of outreach and technical assistance directly related to construction or acquisition of capital assets.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 16727 of the Government Code is
2 amended to read:

3 16727. Proceeds from the sale of any bonds issued pursuant
4 to this chapter shall be used only for the following purposes:

5 (a) The costs of construction or acquisition of capital assets.
6 “Capital assets” mean tangible physical property with an expected
7 useful life of 15 years or more. “Capital assets” also mean tangible
8 physical property with an expected useful life of 10 to 15 years,
9 but these costs shall not exceed 10 percent of the bond proceeds
10 net of all issuance costs. “Capital assets” include major
11 maintenance, reconstruction, demolition for purposes of
12 reconstruction of facilities, and retrofitting work that is ordinarily
13 done no more often than once every 5 to 15 years or expenditures
14 that continue or enhance the useful life of the capital asset. “Capital
15 assets” also include equipment with an expected useful life of two
16 years or more. Costs allowable under this section include costs
17 incidentally but directly related to construction or acquisition,
18 including, but not limited to, planning, engineering, construction
19 management, architectural, and other design work, environmental
20 impact reports and assessments, required mitigation expenses,
21 appraisals, legal expenses, site acquisitions, and necessary
22 easements.

23 (b) To make grants or loans, if the proceeds of the grants or
24 loans are used for the costs of construction or acquisition of capital
25 assets. Bond proceeds may also be used to pay the costs of a state
26 agency for administering the grant or loan program.

27 (c) To repay funds borrowed in anticipation of the sale of the
28 bonds, including interest, or to pay interest on the bonds
29 themselves.

1 (d) To pay the costs of a state agency with responsibility for
2 administering the bond program, including, but not limited to, the
3 cost of outreach and technical assistance directly related to the
4 construction or acquisition of capital assets. These costs include
5 those incurred by the Treasurer, the Controller, the Department of
6 Finance, and the Public Works Board for staff, operating expenses
7 and equipment, and consultants' costs.

8 (e) The costs of the Treasurer's office directly associated with
9 the sale and payment of the bonds, including, but not limited to,
10 underwriting discounts, costs of printing, bond counsel,
11 registration, and fees of trustees.

12 Nothing in this section is intended to prohibit the investment of
13 bond proceeds or the use of proceeds of those investments in any
14 manner authorized by law.

15 SEC. 2. Section 63037 is added to the Government Code, to
16 read:

17 63037. (a) (1) The bank shall establish a local assistance
18 program to provide technical support to small and rural
19 communities in the state in obtaining financing for local
20 infrastructure projects.

21 (2) For purposes of this section, the term "infrastructure
22 projects" has the same meaning as that given to the term "public
23 development facilities" in subdivision (q) of Section 63010.

24 (b) The program shall assist communities in developing strategic
25 plans, writing grants, applying for public and private loans and
26 guarantees, issuing bonds, and other activities directly related to
27 obtaining funding for infrastructure projects. Technical assistance
28 in this regard shall include extended interaction with a community
29 throughout the financing process, and shall be encouraged to
30 maximize public-private partnerships to the extent possible.

31 (c) The bank shall develop a competitive process for selecting
32 communities to be assisted under the program, based on
33 infrastructure need and community readiness to undertake the
34 infrastructure project. First priority shall be given to projects that
35 remediate severe health and safety problems. Second priority shall
36 be given to projects that promote economic development. Third
37 priority shall be given to projects that promote general health and
38 safety. The bank shall make every effort to widely advertise the
39 availability of the program and encourage applications from
40 historically underserved communities.

1 (d) The bank shall provide for no fewer than three professional
2 positions and one staff position to implement the program.

3 (e) (1) Funds to support program activities related to assisting
4 communities in obtaining the proceeds of bonds authorized
5 pursuant to Section 1 of Article XVI of the California Constitution,
6 and transferred pursuant to subdivision (d) of Section 16727, shall
7 ~~be provided through the Community Technical Assistance Fund,~~
8 ~~which is hereby established in the State Treasury~~ *be deposited in*
9 *the Technical Assistance Account, which is hereby created in the*
10 *California Infrastructure Bank Fund.* Notwithstanding Section
11 13340, moneys in the ~~fund~~ *account* are continuously appropriated
12 to the bank in amounts representing the pro rata share of each
13 source of funds, and moneys transferred pursuant to subdivision
14 (d) of Section 16727 shall not be used for any other purpose than
15 the furtherance of the purpose of the respective bond acts by the
16 program.

17 (2) Other funds, excluding General Fund revenues, may be
18 deposited in the ~~Community Technical Assistance Fund~~ *Technical*
19 *Assistance Account* and may be used to provide technical assistance
20 to communities for infrastructure projects financed with funding
21 sources other than those authorized pursuant to Section 1 of Article
22 XVI of the California Constitution.

23 (f) The bank shall individually track each funding source and
24 its use to ensure that all funding conditions are met and that only
25 eligible communities and eligible purposes are authorized.